

TEST PACKAGE BULLETIN #2
11/16/2006

CORRECTION NOTICE

Please note that the test package narrative and the sample forms for Electronic Filing of Individual Income Tax Returns, Tax Year 2006, need the following corrections:

Nebraska Test #2

A question has been asked referring to the High School District Code on the Nebraska Individual Income Tax Return, Form 1040N.

To clarify our position, a Partial-year resident moving into Nebraska and residing in Nebraska on December 31 is required to supply the High School District Code. Whereas, a Partial-year resident moving from Nebraska and not residing in Nebraska on December 31 should not supply the High School District Code.

Do not include the High School District code on Test #2.

Nebraska Test #3

A question has been asked regarding the Nebraska Schedule III, line 64 instructions.

An early draft of the Nebraska Form 1040N Instruction booklet stated that the Bonus Depreciation subtraction (line 53 Schedule I) and the Enhanced Section 179 subtraction (line 54 Schedule I) should be included as an adjustment as applied to Nebraska income on line 64 Schedule III. The most recent draft (11-16-2006) does not show this instruction, therefore the Bonus Depreciation subtraction and the Enhanced Section 179 subtraction should not be included on line 64 Schedule III.

Nebraska Test #5

An error was made in calculating the Schedule A of Form 1040, U. S. Individual Income Tax Return. As a result, the following changes should be made to Federal Schedule A:

Line 5 (State and local income taxes): **1,500**

Line 6 (Real Estate taxes): **3,700**

Line 8 (Other taxes. List type and amount): **Car property tax 250**

This change will not affect Nebraska Form 1040N.

An error was made in calculating the total tax and penalty for underpayment of estimated tax on Form 1040N, Nebraska Individual Income Tax Return. As a result, the following changes should be made to Nebraska Form 1040N:

Line 37 (Total tax and penalty for underpayment of estimated tax): **1,294**

Nebraska Test #6

An error was made in calculating the Adjusted Gross Income on Form 1040, U. S. Individual Income Tax Return. As a result, the following changes should be made to Federal Form 1040:

Line 12 (Business income or (loss). Attach Schedule C or C-EZ): **0**

Line 21 (Other income: Gambling winnings): **1,000**

This change will not affect Nebraska Form 1040N.

Nebraska Test #7

An error was made in calculating the Schedule A of Form 1040, U. S. Individual Income Tax Return. As a result, the following changes should be made to Federal Schedule A:

Line 5 (State and local income taxes): **1,000**

Line 6 (Real Estate taxes): **1000**

Line 8 (Other Taxes: Vehicle): **500**

Line 9 (Add lines 5 through 8): **2,500**

Line 28 (Total Itemized Deductions): **9,100**

This change effects the Form 1040, U. S. Individual Income Tax Return as follows:

Line 40 (Itemized deductions): **9,100**

Line 41 (Subtract line 40 from line 38): **38,900**

Line 43 (Taxable income): **35,600**

Line 44 (Tax): **5,464**

Line 46 (Add lines 44 and 45): **5,464**

Line 57 (Subtract line 56 from line 46): **5,464**

Line 63 (Add lines 57 through 62, total tax): **5,464**

Line 73 (Amount you overpaid): **776**

Line 74a (Amount refunded to you): **776**

These changes effect Form 1040N, Nebraska Individual Income Tax Return as follows:

Line 7 (Total itemized deductions): **9,100**

Line 8 (State and local income taxes): **1,000**

In the narrative only, the Direct Debit information needs correcting.

Line 5 (Debit amount): **852**